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Audit defined and
explained

London

1857

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v 1 Audit defined and explained 2d ed
London, Waterlow 1857 0 20 p 21cm



No. 11 Only Ed
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TECHNICAL MICROFORM DATA

FILM SIZE: 35mmREDUCTION RATIO: 9:1IMAGE PLACEMENT: IA (IIA) IB IIBDATE FILMED: 12-9-97INITIALS: PBTRACKING #: 30026

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332
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No. 11.

AUDIT

DEFINED AND EXPLAINED.

SECOND EDITION.

LONDON:
PUBLISHED BY WATERLOW AND SONS,
24, BIRCHIN LANE, CORNHILL.

1857.

AUDIT

DEFINED AND EXPLAINED.

It would be difficult to exaggerate the commercial importance of the subject of these pages; it would be *very* difficult to exaggerate the disastrous effects of the prevailing ignorance of its scope and functions. Referring more particularly to joint-stock partnerships, a very lax morality will be found to co-exist with high technical ability; this ability will be accompanied with close application and untiring industry, and perfect confidence that every available source of profit to the establishment will be developed to its utmost limit, may be reasonably entertained; but this alone is essentially insufficient: while the *present* honesty of the administrators is (as it *invariably* is) incapable of proof, there can be no security that the shareholders will participate in the success attained, except in the simple but complete protection of an efficient system of Audit. Neither antecedent integrity, nor the application of the most stringent and severe penal consequences to fraudulent breaches of trust, can be fairly regarded as possessing much value. Those best accredited by their names are, too frequently, the most accomplished thieves; and instances in proof of fearlessness of consequences are so recent that the demonstration of that truth is painfully easy of access. The fate of Paul, Bates, and poor Strahan, and the suicide of a Sadleir were, not unlikely, topics of conversation—certainly of information, amongst the noto-

rious body of *mal-administrators* of a recently defunct institution, while perpetrating not very dissimilar offences; but such little matters of history and unquestionable fact, did not confound them, nor prevent the unhappy consumption of even one more proof of the "fearlessness of consequences." And if we concede to the Attorney-General's present efforts, the merit of successful application in case of need—and there are those who deny them this power—we shall, perhaps, most correctly gauge their value by withholding all confidence in their efficacy. The game of hazard will still be played, not by the adventurer and the needy alone, but by the man of wealth also; for he would multiply what he has; honestly, if he can, and, if not—why multiply; so true is it that the power of wealth is madness, and that madness does not commonly harass itself with consequences.

The principles of Audit, however, are *chiefly characterized* by that invaluable feature which we seek for elsewhere in vain; they are eminently *preventive*, because the detection of irregularities is, by their means, certain and prompt: and this is much more consolatory than the most ample means of punishment, which, although we innocently credit them with the same attribute, do not, as we have seen, possess it in any remarkable degree. But Audit does not rely for justification of its value and sufficiency upon this recommendation alone; its principles have other and very conspicuous merits: they penetrate and probe the secrets of every trade in such manner as to be of vital consequence to the management, if judiciously applied, strengthening the weak-handed, and assuring the strong. The full adoption of its aid will maintain our capital intact and productive; or, in the unfortunate contingency of loss in working, will point out to us, unerringly, wherein that occurs, and deliver us at the proper moment from continuance in such course, if persistence therein would inevitably result in our ruin. In one word—and we can

say this only of Audit—its principles, if ably practised, secure to us *our own*.

Would it then be easy to exaggerate its commercial importance, or the disastrous effects of ignorance or misconception of its aim, object, and method? Unquestionably its range and utility are such, that it would not; and yet, *comparatively* speaking, it occupies a very subordinate position in the regards of those most directly and intimately interested in its successful application.

It may be a bold effort to attempt to enforce the science theoretically, when frequently recurring practical misfortune has apparently failed to impress such a sense of its need as to induce definite exertion on its behalf; but as the cause of this inaction is probably ignorance, we will assume the office of tutor notwithstanding. And if we presently lay claim to precedence of rank and honour over Hobbs, Chubbs, and that ilk, it will be upon the admission, which we hope to extort, that better than locks, bolts, or bars, material or legislative, is the knowledge to "all whom it may concern," conveyed by the following definition and explanation of audit.

We have it in view, then, firstly to

DEFINE AUDIT,

and will do so comprehensively under five heads, thus;—

It requires to see—

Firstly, That all monies which *should be* received are received, or the obligation to pay admitted, and in such case that proper security for payment exists.

Secondly, That all monies which *are* received are properly carried to account, both as regards persons and things.

Thirdly, That all monies which *have been* paid, *should have been* paid, and are legally acknowledged.

Fourthly, That such payments are properly carried to account, and,

Fifthly and Lastly, That the results exhibited in the Balance sheet conform to the facts thus established.

We have it in view, secondly, to

EXPLAIN AUDIT,

and in doing so, shall be led to amplify the immediately preceding Definition, purposely rendered terse and general; and thereby, it is believed, supply such reasons for close, undeviating adherence to its terms, as shall best recommend their entire adoption, irrespective of all opposing considerations of time and expense.

The Definition which has been given, although brief, is, in effect, much more copious than the generally accepted obligations of audit; it is so copious, that it would not be possible for any transactions of joint-stock companies to evade its provisions; but as that possibility would be at once established if any portion is relinquished, we must admit the whole to be needful. The Definition, too, is of universal application, greatly as its means of exercise may vary. These means must be, in part at least, adapted to the *specialties* of the business under examination, and to detail them, with such exclusive reference, would interfere with the purpose of these observations: but unless the receipt of money is not involved—in force of which circumstance the prosecution of that business would doubtless fall into disrepute—or unless the payment of money can be avoided, in which case the friendly aid of audit is altogether needless; then, on the one hand, this definition is universally applicable, and on the other universally essential.

We are met at the very threshold with something novel to an auditor—or, to speak advisedly, to the *generality* of that ornamental class of public officers. He is

now urged to see “That all monies which *should* be received *are* received.” Commonly, we are supposed to be enjoying the succour of an efficient audit, if *vouchers* for the *payment* of money are produced; and it is not every undertaking that can boast of vigilance equal to that, but rarely indeed is it considered necessary to bring the Receipts under review. Yet it will not be disputed that primarily the practice of audit is adopted in joint-stock companies with delegated managers—and to such we more particularly apply these remarks—to secure that degree of profit which would accrue to the same business, conducted with private funds, and for private behoof. This is, indeed, the very essence of the institution, its polar star. In such case, if we would adapt our means to our end, certainly the Receipts of a company, firstly, must be perseveringly, closely, and with system brought within the range of an auditor’s criticism.

The company is constituted and conducted to earn money in a certain way, by the performance of certain work, or the supply of certain material, or, it may be, accommodation. It is a *managerial* function, to prescribe and regulate the means, and to provide such checks and counter-checks upon its working as shall insure the fullest return for services rendered, and permit the greatest development of its capabilities; it is the *function of an auditor* to determine, on behalf of his constituents, the value, sufficiency, and completeness of such arrangements, and by full personal appropriation of their design, to see “That all monies which *should* be received *are* received.”

The result is identical—it is almost puerile to say so, but the truth does not hold its proper place—whether we pay too highly or receive too slightly; it is, therefore, as necessary to supervise receipts as payments. It is too certain that the loss to which many undertakings are subjected, “’twixt the cup and the lip,” is a very serious thing; and who shall assure us against this? or, failing

absolute assurance, who shall guarantee to us the adoption of every available precaution, if not our auditors?

It must be also held that a proper apprehension of the meaning of his duty in this respect will induce an auditor to carry his investigations in the track of management so far as to scrutinise the very terms upon which the business is conducted: whether fares, rates of interest upon investments, receipts upon insurance policies, sales of metal, or whatever else be the particular form of income. Opinions may, and do, vary as to the propriety of particular investments of banking associations; but all will allow that if a bank *will* speculate in Welsh mines it is the Auditor who should so revise the terms and probabilities of profit as to be able to assure *us* (his co-proprietors) that a *wise* thing has been done, if even he should fail, in *his* ability, to assure us that the *wisest* thing had been effected; it is the auditor who should be able to demonstrate that for the services we were rendering—an advance of money, *our* form of business—we should certainly be duly paid. Undoubtedly this would come under his observation when reviewing payments; but, confining ourselves to one thing at a time we are looking at this point as a source of receipt, and contending that we herein need the protection of audit.

A railway again has its passenger, parcels, goods, cartage, and miscellaneous business, for certain services on which accounts it exacts certain payment; the auditor has such receipts or transactions in the accounts before him, and it will be his duty to see that for every service rendered, consideration, *full* consideration, is received. To whom shall we look if not to the auditor (as a check upon, not a usurper of, the functions of the manager) to protect us from *exceptional* rates, or *insufficient* precautions? Yes, we may as well be robbed by a double payment as a palpably meagre receipt.

Thus, it may be said, and it cannot be denied, will open

up a wide field for the honest auditor. System, however, will soon simplify and abbreviate; but whether it does or does not make the labour light, true economic principles will insist upon the adoption of the practice under commendation. Such considerations base every private enterprise; then let them take the first place in an auditor's calling.

It is next necessary to refer for a moment to current accounts, where credit is given. Care should be taken to ascertain, by the independent inquiry of the auditor, that the "obligation to pay is admitted," especially in large and extensive transactions, that credit be not taken when the debit is denied. In the event of dispute, an auditor should take immediate measures to test the accuracy of the claim; and, of course, not admit it until the proof of its justice is complete, and not jeopardised by anything advanced "on the other side." The amount being determined, it is needful to consider whether due security exists for payment in the regularity of the individual's previous transactions, or in the guarantee of his friends with tangible recommendations; and, in default of these, to require possession of positive convertible security, of a value equal to fifteen or twenty per cent. above the nett debt.

In fine, if an auditor would see "That all monies which *should* be received *are* received," he must trace the *counterpart of all work done or value supplied* in the *deposits* at the *banking account*, and if he would see in other cases "that the obligation to pay is admitted," he must be able *prospectively* to trace the same result.

We now approach the second division, the importance of which must be strongly urged. It is to see "That all monies which *are* received are properly carried to account, both as regards persons and things." It is not always that the intervention of persons in the receipt of money requires to be recorded in the books; where it is it should be

seen that the individual is duly credited, and that the amount corresponds with the sum standing at his debit. Nor, on the other hand, (as in current accounts of bankers,) is anything further required in certain cases *than* the personal record; and this it may be said, incidentally, is an occasion wherein, although money is received, it was not, in the sense of the preceding division, due, but such a partially exceptional case neither calls for a separate definition nor explanation, although demanding, equally with all monetary transactions, the attention of an auditor. Personal accounts, then, must be kept in ample detail, or we should not have the same ready means of ascertaining our assets and liabilities with accuracy, and an important link of certain processes, needful under the preceding and subsequent heads, will be wanting. But this is so obvious, that not another word of recommendation upon its utility can be required: we, therefore, pass at once to enforce the necessity of special attention being given to the descriptions of accounts which form the credit of *profit and loss* more especially. If these are ably conducted, and with particular regard to their purpose, which is, to unfold the various *sources* of receipt, they prove a most invaluable agent of successful management, and as such it is incumbent upon Audit to note and aid their efficiency. How much would be gained if kindred undertakings were agreed upon such points. The ruling idea should be, to expose the essential features of the trade; an efficient audit cannot be otherwise conducted. We wish to be informed wherein money is earned; we shall then be able—we who know the trade, and many among us will be thus intimate with its peculiarities,—whether these sources receive proper attention and encouragement. An auditor must, if he would be equal to his vocation, acquire the ability to discriminate in the manner here implied. Much play of detail and considerable technical knowledge may be demanded, but the result in increased revenue will amply recompense us. If this particular point

only received the attention which is so eminently due to it,—if railways, if banks, if mines would but put their heads together and, by consent, determine the form in which their varying successes shall be registered, and what, in a general way, belongs to each account, the opportunities for comparison of results, of “like with like,” which would be thus afforded, would make the most ignorant practically wise, would permit of no latent resources being carelessly ignored, or only unskilfully developed. Make it your duty, therefore, Mr. Auditor, to see to this; we can afford to pay for the needful appliances for efficiency in your office, it will be the most productive of our expenditure; but do not stand in the way. Accepting the office and the emolument which we willingly make ample, give us these opportunities of judging of the devotion and success of our managers.

Such, briefly, is our explanation of the second office of Audit, to be practised in conjunction with the first; and with, and by both, we encompass every question affecting the interests of Joint-Stock Companies in the department of receipts.

We pursue the subject by directing attention to the many highly consequential considerations involved in the *payment* of money; with respect to which the definition affirms the first duty of an auditor to be, to see “That all monies which *have* been paid, *should have* been paid.”

To determine whether a payment should have been made, is to determine that it was actually and fairly due, for benefits, goods, or some description of value received. This necessitates, firstly, very careful reflection and inquiry, upon the nature and character of the arrangements in practice, with reference to the *certificate*, upon which payment is made; and, thereupon, in a ministerial way, examining the accounts with the special view of securing unflinching adherence to the prescribed forms.

The nature and character of the opinion given, (in the simple guise of signature to a claim) is of such moment that heavy fees will sometimes be paid to ensure its honesty.

If the certificate is given for goods supplied, it *should* mean that the details in respect to order, delivery, price, quality, and use, are of such stringency, and permit of such application, as to make fraud upon these points, or any of them, very difficult and hazardous; and, therefore, improbable. Does the certificate mean all this? If not, it is essentially weak and inoperative. Whereinsoever the deficiency lies, there loss may be expected.

It may be, it will commonly occur, that the goods are received into stock, and will be consumed long subsequent to the original delivery; or, it may be, that they are appropriated in the manufacture of other goods, needful for the purposes of the undertaking; in such cases, it must be remembered that continued check and counter-check are imperative, if abuse, misappropriation or waste, is to be prevented; and upon the efficiency of these precautions it is the duty of Audit to judge, by occasional, detailed, examination of their working and force. There is, in such subordinate or secondary incidents, much elementary advantage. If judiciously evolved to their full uses, they become only so many more checks upon the original claim; and, in that respect, are not to be despised, if we look for prosperity. Goods are money, and you may as well throw away the one as the other; or openly and avowedly give away the one as pay extravagantly for, or misappropriate, the other. A private individual watches this branch of his business thus narrowly; so should joint-stock companies; so, therefore, should their auditors.

But again, the claim may be for work performed, or general services rendered; and here the question of price and quality are most essential. It is very important in

such cases, to seize upon and apply every *indirect* proof within your reach, of the fairness and justice of the certificate before you. This closeness of supervision is quite indispensable in large matters—in extensive contract work in buildings, or repairs; when an auditor may, without offence, urge the necessity of independent professional testimony. Character is a very treacherous thing, and our reliance upon it *simply* must be very limited. So far as acceptance of the certificate of a paid officer, involves confidence in his integrity, we must needs entertain it; but there is great risk in placing *implicit* faith in its honesty. Your hesitation; the very knowledge (which will spread) of the vigilance of the Audit in this respect, will very much mitigate your labours; as nothing would so much encourage fraud, or test the metal of the most honest man, as to feel that the bargains he is making begin and end with himself and the contractors. In such case, if, by mutual consent, a certain margin is permitted in the account, for an easily understood purpose, why open our eyes in astonishment? Unquestionably this is a most difficult portion of the question before us; but it is not therefore to be evaded; and the object here is not so much to point out the way (although occasionally hints are given) as fully to describe the meaning of an auditor's duty, when judging whether "payments which *have* been made, *should have* been made." Collusion assumes so many forms, is so common, and so difficult of detection, except by rigid perseverance in detailed enquiry, that while insisting upon the full maintenance of certain well-tried forms of certificate, an auditor must grasp extraneous aid in every available direction. The *form* of certificate being determined, there will be no objection, as a general rule, to confining Audit to a simple examination of vouchers, to the extent of bare compliance, with pre-determined arrangements; but if these are to retain

vitality, let their meaning be occasionally enforced and their value demonstrated and felt.

There is another class of payments to be described as *inventions*. With little modification the same general rule of receiving value for money, applies here; the safety of the deposit or purchase, must admit of no question, and its probable productiveness must be apparent; the value on this occasion being the *security* obtained.

That an auditor may be assured that a payment is properly made, it is necessary further, that he should satisfy himself that due precaution is taken against *double* payment; and with reference to this point, we touch the concluding clause of our third division, speaking to the need of seeing "That payments are legally acknowledged." Fraud in this form is not common; generally it would be too innocent and superficial, although inattention to the possibility of its occurrence may be the immediate cause of producing instances of it; and this probably without dishonesty, except in the agent. Payment may be made and not received by the person to whom it is due, and may be redemanded. It is, therefore, obviously necessary that such a course of examination should be adopted as will avert the risk of loss in such manner. The labour in this branch of inquiry will be comparatively light, if, as is usual, fixed periods of payment are appointed; it may then be taken as proved, that claims bearing date subsequent to preceding general settlement are correct, if duly certified; but in all other cases it is of importance to inquire specially, and to follow each instance through, that you may be personally satisfied upon this particular point. An auditor's labours, when reviewing payments, will be much facilitated by insisting invariably upon the presentation of accounts in full detail as to dates, quantity, or other description of value, and price. If then, he is fully satisfied "That monies which *have* been paid, *should have* been

paid, and are legally acknowledged," he should adopt some form of stamp or other mark, indicative of the same having passed the ordeal of audit.

In fine, as was said in closing the corresponding division of this question, under the head of receipts, it is the duty of Audit to trace the *counterpart of all drawings from the banking account in value received*.

With reference to the fourth section of our definition, it is scarcely needful to do more than refer to the parallel case, already elucidated, when explaining the second. The whole of those remarks might be reproduced with pertinent application here. The same rules and leading principles are best calculated to provide for correct description of expenditure, as prove most efficacious and comprehensive for income. The description or heads of account must be directed to the ultimate *purpose* of the expenditure, sufficiently in detail to permit ready examination of the items, and to avoid any incongruity of appropriation, but not diffuse enough to bewilder any inquirer.

It will, again, also be of the first importance for kindred establishments to work upon an approved general system. The sun will shine, beyond a doubt, on the day which sees this accomplished, and places the expenditure of public companies so satisfactorily within the ken of the proprietors. Things are what they are, mostly, by comparison; and what is wanted in forming a judgment is, sufficient data, upon which to indulge the "odious" propensity, common to us, of making them. If there are then discovered any relatively great excesses in special cases, the "reason why" must be supplied; and under the force of such pressure, something like a fair and full net revenue will, most probably, be forthcoming. To accomplish this (in the words previously employed) is the function of management; while it is the bounden obligation of Audit to *supervise* such details, and, in case of need, or confusion, to *advise*, that expenditure "may be properly carried to

account." It will occur, as we have seen, that payments may be made without incurring expense, (in the sense here adopted) the outlay may be represented by goods in stock, and *so far* no *purpose* is accomplished. In the interim, let this stock be debited to some preliminary account; and, when used, its *application* duly recorded.

Probably, it is scarcely necessary to do more than simply refer to the clause requiring an auditor to see that the *individual* to whom payment is made, is duly charged therewith, and that the amount corresponds with his claim to date.

It may be desirable here to observe, that in speaking of the receipt or payment of *money* only, we do not intend to exclude other elements of value; claim may be met by counter-claim, and an auditor will, of course, have a regard to the spirit of his office, as here described, so far as to revise all *claims*, whether cash actually passes or not; this, however, becomes unavoidable when we proceed to speak, as it now only remains to do, of the necessity of seeing "That the results exhibited in the Balance sheet conform to the facts (previously) established," as the crowning act of an auditor's investigations.

Clearly this is unavoidable, or the most elaborate network of research and revision may be quietly overridden, and lamentable consequences ensue. To accomplish this, does not mean that an auditor should himself make every addition, and balance every account, because, if results correspond, in a correct system of book-keeping, this must be properly done; but it will be desirable to check the "proof balance" with the ledger, and thereafter to test the accuracy of the *individual* balances, both of asset and liability, by a careful examination of the items *seriatim*; and the Cash in particular. And if he would avoid extreme difficulty in this last service, he will, of course, have adopted, in all his previous proceedings, certain forms and records which will be evidence to him that his audit has

extended to the several accounts before him, and will know now precisely how far prudence and safety require him to go.

It will, then, be necessary to bestow some attention upon the form in which the figures are *grouped* for presentation. If the audit has been hitherto ably and carefully conducted, this will be an easy matter, and will consist in a mere transcript of the ledger accounts in the order of similarity, that the course and purpose of the same may clearly appear. Much remains to be accomplished in this direction, but its attainment will be the very perfection of Audit; there should be simplicity and completeness, combining the definite exposure of all the specialties of the undertaking, with unfailing regard to propriety of arrangement. This is the art of account-keeping "made easy" to the million; whereby the *office of auditor* is extended to the *whole proprietary body*, and whereby corresponding advantages accrue. An auditor should admit it as a special duty of great consequence, to insist invariably upon the accounts for presentation being modelled in such manner that one general balance-sheet, with a special statement of "profit and loss," should *clearly* exhibit all results. Further than this, nothing should be submitted except as explanatory and supplementary. In this respect the most ample detail, consistent with intelligible purpose and economy, should be encouraged. The more pointed such statements, the greater will be their utility to the management, and in the confidence they will create by the candour and freedom they evince, will be found an additional element of success. Why enlarge upon such topics when "explaining audit?" Because they are so many handmaids to its efficient exercise, and because, more than anything else that could be said, they teach its purposes. More than once, we have been apprehensive of straying from the subject, or exposing ourselves to the charge of tautology, and would now propitiate the reader in that respect. The several offices

which, united, constitute Audit, have been separated for the purpose of producing clear views of its nature and scope in all its bearings; when, however, it *is clearly understood*, it is *not* required that each shall be separately practised; one duty may be found so to merge into another that the performance of both is necessarily accomplished by a single process; and, while expatiating, as we have done, upon each and all, if any repetition has occurred, we must pray to be excused, in view of our object. It is possible that other observations may wear the complexion of having rather more direct reference to an administrator's duties than to those of an auditor; but this, upon reflection, it will be allowed was unavoidable, when it is fairly considered that it *is* the office of the *latter* to follow up the daily walk of the *former*.

Finally, the auditor should accompany his certificate of the accuracy of the accounts rendered, with a report of his *proceedings*. Having adjusted their tenor to the purpose of his appointment, being himself assured of the sufficiency of his means to his end; having a conviction that if money was due and not received, he would know it; that if money was paid, which should not have been paid, he would know it; and so, through the entire task entrusted to him, he presents himself to his proprietary as a man of *facts*, prepared to say, not merely that he has examined, and found correct, certain submitted statements, but *how* and *what* he has examined, and *wherefore* he says "correct." Heroin reform is loudly called for. There is really no value, in the majority of the stereotyped certificates, rendered by parrot auditors; if, however, it were made compulsory upon them, (by a *form*, if needful,) to set forth in detail, *what* they have done, and *how* they have done it; in point of fact,—pardon the inelegance of the phrase in presence of the urgency of the case—turn our business "*inside-out*" before us, we should scarcely require to be told that they had found things correct, because, inevitably, if anything had been wrong it would

have been detected, or we should convict them of the inaptitude of their means, and have *these* re-arranged. And this is the power which is wanted; whereas, if we are tortured with the simple word "correct," nobody knows the meaning or value of it, and the acceptance of any little bill so endorsed should be "respectfully but firmly declined." We might, indeed, by way of final experiment with this model word, spell it the *other way*; but failing to extract any sense from it in this form, we shall act most wisely never again to suffer it to "walk alone."

We have thus indicated, as explicitly as the general character of the subject will admit, the meaning, obligation, and purpose of Audit; and, it is believed, (although that is not part of the *title*;) illustrated the need of its adoption in full integrity, if honesty and successful administration are to be attained and secured, and their results diffused: and would now crave permission humbly to submit that all interested in the fair practice of the office of audit are hereby sufficiently inducted in the rudiments of the science to render neglect of its capabilities a presumptuous and inexcusable sin indeed. Under no circumstance can it be more usefully applied, nowhere is vigilance more needed, than in the *formation* of companies, in subscriptions upon shares, in preliminary expenses, and, it may be, the expenditure of gigantic sums of money in the purchase or construction of works, buildings, or goods. "Every hundred pounds sunk is five pounds per annum lost" is a wholesome little truth, and is of most use on these occasions if it induces close criticism upon such outlay.

The subject might now be closed if confined strictly to a definition and explanation of Audit; but we beg to be permitted, without discussing the question of *agency* fully, the qualifications needed in an auditor, besides information upon the purpose of his appointment, the mode or duration of this, the relative efficiency of boards or individuals, professional or amateur auditors, concurrent or intermittent audit, to urge *one* caution when the appointment of an

auditor is under consideration. There is essential and invariable need of two things; an intimate knowledge of book-keeping, and an affable, unvarying courtesy of demeanour. If it were less the practice to appoint individuals to the office who are deficient in these qualifications, there would be no excuse for this partly irrelevant observation, but *it is common*. There is something so conspicuously foolish—may it be said, funny?—in an auditor unacquainted with accounts, that it must be doubted whether, in such case, those nominating him to the office are sufficiently amenable to reason to bear rebuke; but shareholders may be easily deceived in respect of the personal character of the “man of their choice.” Yet it is of *considerable* moment. The office is a most delicate one, requiring great temper and discretion. Injudicious, hasty, passionate men may become so offensive, that the able and honestly-disposed either quit the service, or retaliate by a sort of negative resistance to the audit itself. An auditor having mastered his duty and decided upon the necessary means, must, truly enough, unshrinkingly persist in its execution; but never in such manner, gratuitously or carelessly, to insult any officer. The obligations of the office must be met in furtherance of *urgent public duty*, and in view of that purpose surely it can be amicably performed. Not that any form of cringing is permissible either. While a proper sense of the delicacy of the task should induce the appointment of a *gentleman* to prosecute it, its *absolute necessities* are such that there must be no respect of persons. If, in misplaced confidence, any particular department is exempted from scrutiny and control, it would be but a needless parade of evidence to refer to *facts* in proof of the probability that *therein* the seeds are already sown, whose fruits will convict that auditor of aiding and abetting the despoliation of “widows and orphans.”

**END OF
TITLE**